

850.0000 VALUE

See Assessment

Full Cash Value

850.0001 Appraisal of Partial Interest Transfer. For the purpose of assessment, an assessor is required by law to determine the full value of real property based on valuation of the entire appraisal unit. If a 25 percent interest in a property underwent a change in ownership, it would be proper for the assessor to reappraise the entire parcel and allocate 25 percent of the new reappraised value to determine the new base year value of the interest transferred. A reappraisal of only the fractional portion of the appraisal unit that transferred would not necessarily reflect the full value of the property, which is the standard required by law. C 1/23/98.

850.0005 Appraisal Unit. Even though an assessor is not separately assessing each unit in a cooperative housing corporation, each unit constitutes an appraisal unit for valuation purposes. The individual unit should be reappraised and a base year value established when it is the subject of a change in ownership as defined in Revenue and Taxation Code section 61(h). C 10/7/82.

850.0015 Decline in Value. A decline in the value of real property that occurs subsequent to the purchase date but prior to the first succeeding lien date must be reflected on the first lien date under section 2(b) of article XIII A of the California Constitution. Revenue and Taxation Code section 50 should be interpreted as the general rule, applicable only in instances in which no decline in value has occurred.

Under Revenue and Taxation Code section 75.10, the full cash value of a property on the date of a change in ownership is the new base year value (commencing with the 1983-84 assessment year). This new base year value is used for both supplemental roll purposes and regular roll purposes. If there is a subsequent value decline, the new base year value remains and values can rise back to that level without the two-percent-per-year limitation. Thus, where there is a loss of value before the first lien date, the amount entered on the regular assessment roll for the first time is simply an interim taxable value and not the new base year value. The new base year value will, of course, be used on the supplemental roll, and it will have to be retained for future determination of value purposes. LTA 5/23/86 (No. 86/36); LTA 9/25/92 (No. 92/63).

850.0016 Decline in Value. Property Tax Rule 461 specifies the appropriate appraisal units for measuring value declines in a cable television system pursuant to the mandate of Proposition 8 of November 7, 1978. C 1/30/96.

850.0017 Decline in Value. When fruit trees in an orchard decline in value other than as the result of disaster, misfortune or calamity, they may still qualify for a reduction in their factored base year value if they are removed or if the full value of the appraisal unit of which they are a part is lower than the factored base year value for the unit. Pursuant to Property Tax Rule 461(d), machinery, fixtures, and other equipment classified as improvements are considered a separate appraisal unit. Trees, structures, and the land on which they are situated are also an appraisal unit, even though the unit value is allocated to each component on the assessment roll. C 9/5/89.

850.0018 Decline in Value. A factored base year value that exceeds the market value of a property should be reduced to reflect substantial damage, destruction or other factors, such as an economic recession, causing the decline in value. The law does not require the assessor to annually reappraise all property; but reductions should be made when the

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assessor knows of specific properties, the values of which have declined. LTA 3/20/92 (No. 92/24).

850.0019 Decline in Value. A decline in the market value of a property that results from the effect of governmental regulation and impacts the present and potential future owners' ability to receive income should be reflected on the assessment roll. Such a situation is distinguishable from one in which a long term lease results in a contract rent that is lower than economic rent. In the latter instance, the lessor's interest loses value but the market value of the total property, i.e., the interests of the lessor and lessee, is not diminished. C 7/2/86.

850.0020 Decline in Value. In determining whether or not there has been a decline in the value of a given property, the assessor is not limited in the value approaches used so long as they provide reliable indicators of value. C 11/27/89.

850.0029 Leasehold Interest. The assignment of a leasehold interest in real property with a remaining term of 38½ years is a change in ownership pursuant to Revenue and Taxation Code section 61(c). As a result, the assignee of a leasehold interest with a term of more than 35 years is considered the owner of the property for change in ownership purposes, and the interest is assessable to the assignee. Upon a change in ownership, Revenue and Taxation Code section 110 and Property Tax Rule 2 require the real property interest transferred to be reassessed at full cash value which is defined as its unencumbered, unrestricted fee simple value. The value of the leased-fee interest encumbered by below-market rents is not considered. C 1/13/2003.

850.0030 Lesser of Market Value or Factored Value. Property Tax Rule 461(d) indicates when a loss in value may be enrolled. This occurs when the market value of the appraisal unit (as a unit) is less than the current lien date factored value. For this purpose, machinery and equipment constitute an appraisal unit, and when the market value of the total unit is less than the factored base year value of the total unit, the current market value may be enrolled. C 4/8/80.

850.0031 Lesser of Market Value or Factored Value. The enrolled value of newly-acquired property having a fair market value of \$100,000 in July but a March 1 value of only \$80,000 should be \$80,000. It should be noted, however, that that value is the Proposition 8 value and that the base year value is \$100,000. C 6/30/82.

850.0045 Notice. Revenue and Taxation Code section 619 requires the assessor to notify assesseees of increases in assessed values. The requirement is also applicable when assessed values rise following enrollments of declines in value. LTA 11/24/93 (No. 93/71).

850.0060 Purchase Price Presumption. The presumption that a purchase price is "full cash value" or "fair market value" as provided for in Revenue and Taxation Code section 110(b) applies to all equalization hearings in progress or held subsequent to January 1, 1989, even if the fiscal years and protested assessments relate to periods prior thereto. C 5/10/89.

850.0080 Taxable Value Less than Trended Base Year Value. The enrollment of a taxable value that is less than the trended base year value does not establish a new base year value when the decline in value is attributable to economic conditions. LTA 8/28/79 (No. 79/143).

850.0090 Transferable Development Rights. Whether or not the base year value of the property of a seller of transferable development rights (TDRs) should be reduced depends

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upon whether, as a factual matter, the base year value reflected any value for such TDRs. C 2/22/94.

850.0100 **Undivided Interests.** The proper method of determining the base year value of an undivided interest in real property is to first appraise the entire property as of the date of the change in ownership at its fair market value and to then allocate to such interest that percentage of the value that corresponds to the percentage of the interest vis-a-vis all interests in the property. C 1/12/83.